

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02
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FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 0265

C O N F I D E N T I A L KINGSTON 2642

E.O. 11652: GDS
TAGS: EFIN, JM
SUBJECT: JAMAICAN EFFORTS AT SHORT TERM BORROWING

1. IN A GENERAL DISCUSSION WITH LOCAL ESSO REPRESENTATIVE TOM POINDEXTER EARLIER IN THE WEEK HE TOLD ME THAT HE HAD HEARD JAMAICAN GOVERNMENT WAS ATTEMPTING TO COVER SHORT TERM FX NEEDS BY BORROWING ABOUT \$20 MILLION FROM U.S. TREASURY. ON MARCH 14, MINISTER OF STATE AT FINANCE MINISTRY RICHARD FLETCHER ON HIS OWN INITIATIVE CALLED TO INFORM US THAT AMBASSADOR RATTRAY WAS CONDUCTING DISCUSSIONS WITH TREASURY REPRESENTATIVES IN WASHINGTON FOR A SHORT-TERM GOVERNMENT TO GOVERNMENT LOAN. YESTERDAY MINISTER OF FINANCE ERIC BELL, ALSO AT HIS OWN INITIATIVE, TELEPHONED ME TO "KEEP ME CURRENT ON RATTRAY'S DISCUSSIONS WITH TREASURY". BELL SAID GOJ IS SEEKING A TOTAL OF \$40 MILLION IN EMERGENCY LOANS FROM USG AND VENEZUELA DIVIDED ROUGHLY \$25 MILLION FROM USG AND \$15 MILLION FROM VENEZUELA. HE SAID VENEZUELA PROMISED A REPLY BY THIS WEEKEND. HE INDICATED RATTRAY FELT ENCOURAGED BY HIS TALKS WITH TREASURY OFFICIALS WHO SAID POSSIBILITIES MIGHT (RPT MIGHT) EXIST FOR SUCH LOAN IF IT LOOKS AS IF A GOJ-IMF AGREEMENT IS IMMINENT. IN THIS REGARD BELL SAID HE EXPECTS AGREEMENT WITH IMF'S DAVID FINCH BY END OF MARCH AND A
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SIGNED AGREEMENT WITH IMF BY MID-APRIL. (FOR PUBLIC USE BELL IS SAYING MID-MAY.)

2. DAILY GLEANER MARCH 15, HAS AS ITS LEAD ITEM REPORT OF COMMENTS BY FINANCE MINISTER BELL ON SHORT TERM BORROWING AND PROGRESS OF IMF NEGOTIATIONS. BELL STRESSED THE NEED FOR SHORT TERM MEASURES "TO TIDE

US OVER THE PERIOD UNTIL THE IMF NEGOTIATIONS ARE COMPLETED". THESE MEASURES WOULD INCLUDE GOVERNMENT-TO-GOVERNMENT LOANS, HE SAID. THIS IS SUBJECT OF SEPTTEL.

3. SINCE FX SHORTAGE AND GENERAL ECONOMIC SITUATION ARE NUMBER ONE PREOCCUPATION OF THIS GOVERNMENT AT THE MOMENT, AND SINCE GOJ OFFICIALS ASSUME THIS EMBASSY IS BEING KEPT INFORMED OF WASHINGTON TALKS, WE WOULD APPRECIATE BEING KEPT ADVISED OF DEVELOPMENTS, PARTICULARLY AS THEY INVOLVE U.S. PARTICIPATION.
IRVING

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